

Message Text

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ACTION AGR-08

INFO OCT-01 NEA-09 ISO-00 COME-00 EB-07 AID-05 TRSE-00

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FM AMEMBASSY SANAA

TO AMEMBASSY BEIRUT

INFO SECSTATE WASHDC 5080

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E.O. 11652: N/A

TAGS: EPAP, EAID, YE

SUBJ: POSSIBILITIES FOR USG

COMMODITY PROCUREMENT ASSISTANCE FOR YEMEN

BEIRUT FOR AGATTACHE PITCHER

REF: ECONOFF HAMBLEY LETTER TO AGATTACHE PITCHER DATED 2/18/75

1. BEGIN SUMMARY. REFERENCED LETTER REQUESTED AGATTACHE'S GUIDANCE IN DETERMINING IF WAY EXISTS TO PROVIDE DIRECT USG ASSISTANCE TO YARG IN PROCURING ANNUAL COMMODITY NEEDS AT STABLE PRICES, WHETHER BY MEANS OF A FORMAL PL-480 TITLE IN PROGRAM OR BY SOME OTHER VEHICLE.

YARG INTERESTED IN SOME KIND OF RELATIONSHIP IN THIS AREA RAISED TO AMBASSADOR BY MINFINANCE JUNAYD EARLY FEBRUARY AND REITERATED LAST NIGHT. IN ORDER TO REPLY WITH MINIMAL DELAY, WOULD APPRECIATE ANY SUGGESTIONS YOU HAVE BE SENT TELEGRAPHICALLY. END SUMMARY.

2. OVER LAST SEVERAL YEARS, YEMEN HAS IMPORTED BETWEEN 80-120,000 MT OF WHEAT, RICE, AND FLOUR ANNUALLY. WHEAT GENERALLY CAME FROM AUSTRALIA WHILE RICE HAS FOR SEVERAL YEARS BEEN LARGEST US EXPORT TO YEMEN.

3. RISING COMODITY PRICES PLUS SUPPLY SCARCITY IN RECENT YEARS CAUSED YARG TO SEEK NEW MEANS OF SECURING NEEDED COMMODITIES
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AT LOWEST POSSIBLE STABLE PRICES. USDA CCC FINACING CONSIDERED

IN PAST, BUT IT WAS NOT FELT THIS PROGRAM MET YEMEN'S SPECIAL REQUIREMENT. IN 1974 MINSUPPLY CHARGED WITH ARRANGING CONTRACTS FOR WHEAT, FLOUR, RICE AND VEGETABLE OIL WHICH WOULD BE TURNED OVER TO PRIVATE DEALERS FOR SALE AND DISTRIBUTION. OPTION FOR 30,000 MT SOVIET WHEAT TAKEN EARLY LAST YEAR, BUT PRIVATE MERCHANTS RELUCTANT TO PURCHASE THIS GRAIN FROM YARG DUE TO RELATIVELY LOW QUALITY.

4. WE ASSUME FROM JUNAYD'S COMMENTS THAT YARG WISHES TO TRY AND ARRANGE MORE STRICTLY BILATERAL RELATIONSHIP WITH US COMMODITY SUPPLIERS USING WHAT USG ASSISTANCE MIGHT BE AVAILABLE. PURCHASED COMMODITIES WOULD THEN BE SOLD TO LOCAL MERCHANTS FOR SALE IN YEMENI DOMESTIC MARKET. JUNAYD AND OTHER OFFICIALS, INCLUDING PRIMIN ABD AL-GHANI HOPE THAT ACTIVE YARG ROLE IN COMMODITY DEALINGS WILL IN THE END RESULT IN ASSURED SUPPLIES AT STABLE PRICES.

5. JUNAYD INDICATED THAT YARG'S LACK OF EXPERIENCE IN COMMODITY DEALINGS ONE REASON FOR ITS REQUEST FOR ASSISTANCE OR GUIDANCE IN

THIS FIELD. EMBASSY'S TRADE OPPORTUNITIES RELATING TO REQUESTS FOR US WHEAT, RICE AND OIL HAVE RECEIVED LITTLE OR NO RESPONSE, IN PART BECAUSE OF LIMITED AVAILABILITY OF THESE COMMODITIES AND IN PART BECAUSE OF SHIPPING AND COMMUNICATIONS DIFFICULTIES BETWEEN US AND YAR.

6. ACTION REQUESTED: WE ARE NOT SURE WHAT KIND OF ASSISTANCE USG MAY BE IN A POSITION TO OFFER IN RESPONSE TO JUNAYD'S VERY GENERAL REQUEST. WOULD APPRECIATE YOUR ADVISING US WHETHER SOME FACET OF PL-480 TITLE I PROGRAM MIGHT COME INTO PLAY OR IF SOME OTHER KIND OF ASSISTANCE AVAILABLE.
SCOTES

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